

From: Tommy Constantine <tommy@eufora.com>
Sent: Monday, May 18, 2009 9:34 AM
To: kmpgp@aol.com
Cc: phil kenner
Subject: Re: Global Settlement
Attachments: AZ Eufora Partners LLC PECA 5.4.09.xls

Michael and
Kristen Peca's
shared email
address...

Kristen and Michael:

You will be receiving a Transfer of Membership Agreement for your increased interest in Eufora, LLC from our CEO (C.R. Gentry) later this week or next week at the latest. We just have to wait for the other side to sign the Transfer docs as part of the settlement, which is supposed to be in the next few days. In the meantime, this email shall serve as written confirmation that you will be receiving 1/10th of the interest that we acquire from Nolan, Juneau and Moreau with respect to Eufora. Specifically, you will be receiving an additional .364% which is 1/10 of the 3.64% interest that they currently own or owned. The attached excel spread sheet shows your current ownership interest and the interest that we are acquiring from the three of them as part of the settlement. The dollar amounts on the right are the current value of those interest at the \$20M valuation (for the whole company). Again, your interest is 1/10 of that and will be added to the 2% you already own.

Additionally, Juneau and Nolan owned 10% each (20% total) of the Avalon Airpark project. We are buying out their 20%, so you will also receive 1/10th of this interest (2%). It is currently valued at \$3.3M and the office space is currently being rented by Eufora. You will also be receiving an LLC and operating agreement reflecting your new proportionate share of ownership of this building.

Frankly, although this one is more of a luxury than an investment, you will also own 1/10th of 20% (2%) of the Falcon 10 airplane. It is worth approximately \$1M but will be very difficult if not impossible to sell. In any case, this will not cost you guys anything going forward. Ultimately you guys should take advantage of the fact that we now all own an airplane together and when it's geographically feasible, you guys should use it to make owing a piece of it worthwhile. Just let me know whenever you want to use it. You just have to pay for the hourly costs for fuel and the daily costs for the pilots and landing fees.

Finally, as Phil stated, I also settled the Palms condo issue with Moreau as part of this global settlement transaction. Moreau had absolutely no right to sue me for the Palms units and I would have crushed him in that lawsuit because we had a signed agreement when he bought it. Nevertheless, since we got that issue resolved as part of the settlement as well, I have elected to share in the ownership of those units and the equity that exists in them with all of the great partners that have stepped up and helped us fix this problem with all these problem individuals. Specifically, these Palms units are a one bedroom and an adjacent studio on the 31st floor with a strip view. They are worth approximately \$1.5M today and were worth \$1.8-\$2M some time ago. I believe they will recover in the future and be worth more than they are today. In any case, you will also be receiving an LLC and operating agreement reflecting your new proportionate ownership of these units. Although Juneau, Nolan and Moreau did not own any interest in these units, to keep things simple, I will just match what we are doing in the Avalon project so you will also receive 1/10th of a 20% interest in these (2%).

Please do not hesitate to call me if you have any questions and please just to follow the program in terms of documentation.

TC
(602) 363-5676

Begin forwarded message:

From: kmpgp@aol.com
Date: May 18, 2009 6:10:43 AM PDT
To: kenner33@gmail.com
Subject: Re: Global Settlement

Hey, before we sign off on an "approved" letter, can we please have the written documentation as to exactly how much (%) we obtained with our contribution? Michael mentioned last Monday that you told him we'd have it by last Wed., but we still haven't received it. We want to be diligent about our record keeping.

thanks!

Kristin

-----Original Message-----

From: PHIL KENNER <kenner33@gmail.com>
To: Mike & Kristen Peca <KMPGP@aol.com>
Sent: Mon, 18 May 2009 1:14 am
Subject: Global Settlement

Michael & Kristen:

Per our conversation, please acknowledge your approval and authorization for me to have wire transferred \$250,000 to Attorney Ron Richard's Trust Account for your proportionate contribution to the Global Settlement Fund. In addition to the fund paying for various legal fees, PR Agency fees, as well as other protective advances and settlement costs, you will be receiving transfer of membership agreements from Tommy for your acquisition of additional interest in Eufora, LLC, as well as your new LLC and operating agreements reflecting your ownership interest in the Avalon Airpark Real Estate Project, the Falcon 10 aircraft, and the two Palms Place condominium units. You may not recall Tommy or I mentioning the Palms units in our conversation. In any case, because Moreau and Tommy settled that case as part of the Global Settlement, he has graciously elected to include you as a beneficiary in the significant equity that exists in those two units as part of this transaction. As we discussed, rather than throwing money away only on legal fees, this strategy which effectively acquires significant assets, while providing a legal remedy, is by far our best solution.

Tommy has requested from all of us and will provide to us, written documentation of every element of this transaction. Please respond, ACKNOWLEDGED AND APPROVED, to this email accordingly ASAP.

Thanks. Phil